

Auditing Procedures Report

issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name GREENWOOD TOWNSHIP	County OSCODA
Audit Date 3/31/05	Opinion Date 8/15/05	Date Accountant Report Submitted to State: 9/27/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943 as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1997 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) THOMAS R ZICK CPA, P C			
Street Address P O BOX 149	City LEWISTON	State MI	ZIP 49756-0149
Accountant Signature 			Date 9/27/05

**GREENWOOD TOWNSHIP
AUDITED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2005**

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Thomas R. Zick CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

August 15, 2005

Township Board
Greenwood Township
Lewiston, Michigan 49756

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenwood Township as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Greenwood Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenwood Township, as of March 31, 2005, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, along with all related statements and interpretations, as of April 1, 2004.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

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Township Board
Greenwood Township
August 15, 2005

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greenwood Township's basic financial statements. The introductory section, and combining non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining non-major fund financial statements have been subjected to the auditing procedures applied by me in the audit of the basic financial statements and, in my opinion, based on my audit are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Thomas R. Zick, CPA P.C." in a cursive script.

THOMAS R. ZICK CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

GREENWOOD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

THE TOWNSHIP AS A WHOLE

The Township's combined net assets decreased 4% from a year ago – decreasing by \$35,759. As we look at the governmental activities you can see the decrease occurred primarily because of the expenditure of \$153,000 in the Special Assessment Fund.

This year the township added 178 new subdivided lots to the property tax rolls with the addition of a resort subdivision. In addition, the Township Board approved three site plans for an additional 400 subdivided lots to be completed in the future.

The Township received federal grants totaling \$52,820 to update the safety equipment of the firefighters.

In a condensed format, the table below shows a calculation of the net assets as of the current balance sheet date. Since this is the first year for GASB #34 no comparative figures are shown.

	Governmental Activities
Current Assets	\$ 498,961
Noncurrent Assets	972,122
Total Assets	1,471,083
Long-Term Debt Outstanding	661,047
Other Liabilities	19,800
Total Liabilities	680,847
Net Assets	
Invested in Capital Assets - Net of Debt	311,075
Restricted	248,203
Unrestricted	230,958
Total Net Assets	\$ 790,236

Unrestricted net assets – the part of net assets that can be used to finance day to day operations ended the year at \$230,958.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following table shows the changes of the net assets as of the current year. Again, because this is the first year for GASB #34 no comparative data is available.

	Governmental Activities
Program Revenues	
Charges for Services	\$ 44,406
Operating Grants and contributions	3,940
Capital Grants and contributions	52,820
General Revenues	
Property Taxes	218,643
State Shared Revenues	78,830
Unrestricted Investment Earnings	5,594
Transfers and Other Revenue	10,724
Total Revenues	414,957
Program Expenses	
General government	141,874
Public Safety	99,266
Public Works	176,985
Interest on Long-Term Debt	32,591
Total Expenses	450,716
Change in Net Assets	\$ (35,759)

The Township's net assets continue to remain healthy. With new residents moving in, the total revenues grew slightly faster than inflation while we were able to hold expenses in line.

GOVERNMENTAL ACTIVITIES

The Township's total governmental revenues were \$414,957.

During the year the Township developed new wage and vacation treatment for employees and approved an Employee Policies and Procedures Handbook. We added computers to the Supervisor, Zoning Administrator, and Planning offices and upgraded the telecommunications in each office. The establishment of a Township Road Committee will help to improve our roads, signs, lighting and provide a cooperative effort with the county Road Commission. The Board approved the up to date zoning maps to reflect the changes in the Township. The board reviewed the Emergency Services contracts and made changes to net a savings of \$22,000 per year.

THE TOWNSHIP'S FUNDS

Our analysis of the Township's major funds begins on page 8 following the Township-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the township as a whole. The township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2004/05 include the General fund, Fire Fund, Fire Hall Debt Retirement, and Special Assessment Fund.

The General fund pays for most of the Township's governmental services. The most significant is assessing, which incurred expenses of approximately \$22,500 in 2004/05. In addition, the Landfill Transfer Site and Planning and Zoning incurred expenses slightly in excess of \$19,000 and \$14,000 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Township board amended the budget to take into account events during the year. There were only minor budget adjustments during the year. The General Fund Balance increased by \$43,721 during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

At March 31, 2005 the Township had \$972,122 invested in net capital assets in a broad range of capital assets, including buildings and fire equipment. In addition, the Township invested significantly in a road within the Township this past year. The road asset is not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the County Road Commission (along with the responsibility to maintain them).

The Township has \$661,047 in long-term debt at March 31, 2005. The debt included \$295,000 for fire hall building debt, \$150,000 for town hall building debt, \$90,000 for special assessment road improvements and \$126,047 for a fire truck installment loan. During the year the Township received proceeds of \$90,000 for the road special assessment fund. Debt principal payments totaled \$62,196 during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township's budget for 2005/06 calls for no increase in property tax rates. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow less than by inflation, before considering new property additions.

With the approval of the Fire Charge Ordinance, the savings in Emergency Services contracts and the reapportionment of the PILT to the fire Department we anticipate no changes in our tax rates. We must continue to watch our budget closely and anticipate moderate growth in our tax base to offset any need for tax increases.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at (989) 786-7872 or visit the Township offices.

GREENWOOD TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2005

	Governmental Activities
ASSETS	
Cash demand and time deposits	\$ 408,163
Receivables	
Taxes	18,048
Special Assessments	70,058
Other governments	2,692
Capital assets	
Land	12,500
Other capital assets, net of depreciation	<u>959,622</u>
TOTAL ASSETS	<u>1,471,083</u>
LIABILITIES	
Accounts payable	1,829
Accrued liabilities	17,971
Noncurrent liabilities:	
Due within one year	72,887
Due in more than one year	<u>588,160</u>
TOTAL LIABILITIES	<u>680,847</u>
NET ASSETS	
Invested in capital assets, net of related debt	311,075
Restricted for:	
Debt Service	91,734
Special Assessment	81,840
Fire fund	74,629
Unrestricted	<u>230,958</u>
TOTAL NET ASSETS	<u>\$ 790,236</u>

See Notes to Financial Statements

GREENWOOD TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants	
Primary Government					
Governmental Activities					
General Government	\$ 141,874	\$ 26,605	\$ -	\$ -	\$ (115,269)
Public Safety	99,266	17,801	-	52,820	(28,645)
Public Works	176,985	-	3,940	-	(173,045)
Interest on Debt	32,591	-	-	-	(32,591)
Total Governmental Activities	<u>\$450,716</u>	<u>\$44,406</u>	<u>\$3,940</u>	<u>\$52,820</u>	<u>(349,550)</u>
General revenues:					
Taxes:					
Property taxes levied for general purposes					144,921
Property taxes, levied for debt services					73,722
State Revenue Sharing not restricted to specific purposes					78,830
Interest and investment earnings / other revenue					<u>16,318</u>
Total general revenues and taxes					<u>313,791</u>
Change in net assets					(35,759)
Net assets, beginning of year					<u>825,995</u>
Net assets, end of year					<u>\$ 790,236</u>

See Notes to Financial Statements

GREENWOOD TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2005

	GENERAL FUND	FIRE FUND	FIRE HALL DEBT RETIREMENT	SPECIAL ASSESSMENT	OTHER FUNDS	TOTAL
ASSETS						
Cash	\$ 241,221	\$ 69,669	\$ 56,268	\$ 11,782	\$ 29,223	\$ 408,163
Receivables						
Taxes	6,435	5,370	4,162	-	2,081	18,048
Special Assessments	-	-	-	70,058	-	70,058
Due From Other Governmental Units	2,692	-	-	-	-	2,692
TOTAL ASSETS	\$ 250,348	\$ 75,039	\$ 60,430	\$ 81,840	\$ 31,304	\$ 498,961
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 1,419	\$ 410	\$ -	\$ -	\$ -	\$ 1,829
Deferred Revenue	-	-	-	70,058	-	70,058
TOTAL LIABILITIES	1,419	410	-	70,058	-	71,887
FUND BALANCES						
Reserved	-	74,629	60,430	11,782	31,304	178,145
Unreserved	248,929	-	-	-	-	248,929
TOTAL FUND BALANCES	248,929	74,629	60,430	11,782	31,304	427,074
TOTAL LIABILITIES AND FUND BALANCES	\$ 250,348	\$ 75,039	\$ 60,430	\$ 81,840	\$ 31,304	\$ 498,961

See Notes to Financial Statements

GREENWOOD TOWNSHIP
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
MARCH 31, 2005

Fund Balances - Total Governmental Funds	\$427,074
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital Assets - at Cost	1,332,383
Accumulated Depreciation	(360,261)
Special Assessment revenues are recorded in the Statement of Activities when the assessment is set; they are not reported in the funds until collected or collectable within 60 days of year-end (3/31 each year)	
	70,058
Certain liabilities such as bonds and notes payable are not due and payable in the current period and therefore are not reported in the governmental funds	
Bonds Payable	(535,000)
Installment Note Payable	(126,047)
Accrued interest payable is not included as a liability in the governmental funds	<u>(17,971)</u>
Net Assets of Governmental Activities	<u><u>\$790,236</u></u>

See Notes to Financial Statements

GREENWOOD TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2005

	GENERAL FUND	FIRE FUND	FIRE HALL DEBT RETIREMENT	SPECIAL ASSESSMENT	OTHER FUNDS	TOTAL
REVENUES						
Taxes	\$ 77,534	\$ 67,387	\$ 49,142	\$ -	\$ 24,580	\$ 218,643
State Sources	82,770	-	-	-	-	82,770
Federal Sources	-	52,820	-	-	-	52,820
Charges for Services	17,801	-	-	23,717	-	41,518
Interest Income	3,107	1,472	86	865	64	5,594
Administration Fee	26,605	-	-	-	-	26,605
Other Revenue	9,995	729	-	-	-	10,724
TOTAL REVENUES	217,812	122,408	49,228	24,582	24,644	438,674
EXPENDITURES						
General Government	\$ 133,570	-	-	-	-	133,570
Public Safety	14,301	52,315	-	-	-	66,616
Public Works	24,073	-	-	152,912	-	176,985
Capital Outlay	2,147	53,001	-	-	8,166	63,314
Debt Service:						
Principal	-	12,196	35,000	-	15,000	62,196
Interest and Other Charges	-	7,838	15,610	-	8,058	31,506
TOTAL EXPENDITURES	174,091	125,350	50,610	152,912	31,224	534,187
REVENUES OVER (UNDER) EXPENDITURES	43,721	(2,942)	(1,382)	(128,330)	(6,580)	(95,513)
OTHER FINANCING SOURCES (USES)						
Proceeds From Loan	-	-	-	90,000	-	90,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	90,000	-	90,000
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	43,721	(2,942)	(1,382)	(38,330)	(6,580)	(5,513)
FUND BALANCES, BEGINNING OF YEAR	205,208	77,571	61,812	50,112	37,884	432,587
FUND BALANCES, END OF YEAR	\$ 248,929	\$ 74,629	\$ 60,430	\$ 11,782	\$ 31,304	\$ 427,074

See Notes to Financial Statements

GREENWOOD TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
FOR THE YEAR ENDED MARCH 31, 2005

Net Change in Fund Balances - Total Governmental Funds	(5,513)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - Capital Outlay	63,314
Deduct - Depreciation Expense	(40,954)

Special Assessment revenues are recorded in the Statement of Activities when the assessment is set. They are not reported in the funds until collected or collectible within 60 days of year-end.	(23,717)
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Bond proceeds provide current resources in the governmental funds but increase long-term liabilities in the Statement of Net Assets and have no effect on the Statement of Activities	(90,000)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - Principal Payments on Long-term Liabilities	62,196
Less - Increase in Accrued Interest Payable	(1,085)
	(\$35,759)

See Notes to Financial Statements

GREENWOOD TOWNSHIP
STATEMENT OF FIDUCIARY FUND NET ASSETS
AGENCY FUNDS
MARCH 31, 2005

	<u>ASSETS</u>	
Cash		<u>\$ 2,692</u>
	<u>TOTAL ASSETS</u>	<u>\$ 2,692</u>
	<u>LIABILITIES</u>	
Due to Other Governmental Units		<u>\$ 2,692</u>
	<u>TOTAL LIABILITIES</u>	<u>\$ 2,692</u>

See Notes to Financial Statements

GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Greenwood Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

REPORTING ENTITY

The General Law Township is located in Oscoda County, Michigan and operated under an elected Township Board consisting of a Supervisor, Treasurer, Clerk, and two Trustees. This Board and its employees provide services to its residents in areas such as fire protection, voter registration, and maintenance of township facilities.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application of the criteria, the Township does not contain any component units.

TOWNSHIP-WIDE AND FUND FINANCIAL STATEMENTS

The township-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Township's Township-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the township-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Township-Wide Financial Statements - The township-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the township-wide financial statements.

GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid/revenue sharing.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state revenue sharing, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Fiduciary fund statements are also reported using the economic resources measurement focus and the accrual basis of accounting. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

Fire Fund – This is a special revenue fund used to record revenue and expenditures related to the fire department activities.

Fire Hall Debt Retirement Fund – this is a debt service fund used to record the proceeds from tax levies and to record the debt principal and interest payments.

Special Assessment – this is a capital projects fund used to record the special assessment revenue and future debt payments.

Additionally, the Township reports the following governmental types:

Town Hall Debt Retirement Fund and Fire Hall Capital Project Fund

Fiduciary Funds – The Township maintains an Agency Fund to record the tax collection transactions. The funds are segregated and used to record the tax collection and distribution of taxes to the various taxing entities.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments – Cash and investments include cash on hand, demand deposits, and savings accounts and certificates of deposit.

GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.”

All property tax receivables are shown net of an allowance for uncollectible amounts. The Township considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes are levied and become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls. The County operates a delinquent tax revolving fund and normally pays to the Township all current taxes annually prior to June 30.

Restricted Assets – The fund balance in the debt service funds and special assessment fund are shown as a restricted fund balances. These balances can only be used to service the respective debt and special assessment expenses.

Capital Assets – Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the Township-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The Township does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building additions	10-50 years
Fire trucks and other vehicles	7-15 years
Furniture and other equipment	2-20 years

Long-Term Obligations – In the Township-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Date – Comparative data is not included in the Township's financial statements, because this is the first year of implementation for GASB #34.

Accounting Change – Effective April 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34) along with all related statements and interpretations. Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- § A Management's Discussion and Analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- § Township-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.

GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- § Capital assets in the governmental activities column of the statement of net assets includes assets totaling \$972,122 not previously accounted for by the Township
- § The governmental activities column includes bonds and other long-term obligations totaling \$661,047 previously reported in the General Long-term Debt Account Group.
- § The fund financial statements focus on major funds rather than fund types.

BUDGETS AND BUDGETARY ACCOUNTING

All funds are under the direct supervision and budgetary control of the Township board. In accordance with PA 621 of 1978, the Uniform Budgeting and Accounting Act as amended, the Township board adopts a budget for the general fund and the fire special revenue fund. Any budget violations are disclosed in the audits of the Township's financial statements as required by law.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budgets, as adopted, lapse after the close of the fiscal, and a new budget is adopted for the ensuing year. The budget for Greenwood Township, as presented in the accompanying financial statements is the amended budget as well as the original adopted budget for the funds required to be budgeted under state statute.

NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the general and special revenue funds. All annual appropriations lapse at the fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits Townships to amend their budgets during the year.

Excess Expenditures Over Appropriations in Budgeted Funds - The Township is required under Public Act 621 of 1978 to adopt (pass) a budget (General Appropriations Act) for the General Fund and Individual Special Revenue Funds. The Township complied in all areas. There were no expenditure line items which exceeded budgeted amounts.

GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 3 - CASH AND INVESTMENTS

The captions on the combined balance sheet related to cash and investments are as follows:

	<u>Cert of Dep</u>	<u>Cash/checking and Savings</u>	<u>, Total</u>
Government Activities	\$ 135,007	\$ 273,156	\$ 408,163
Agency Funds	<u>-</u>	<u>2,692</u>	<u>2,692</u>
	<u>\$ 135,007</u>	<u>\$ 275,848</u>	<u>\$ 410,855</u>

Deposits - At year-end, the carrying amount of the Township's deposits was \$410,855 and the bank balance was \$411,555 was classified as to risk as follows.

Insured	\$ 348,212
Uninsured – Uncollateralized	<u>62,643</u>
	<u>\$ 410,855</u>

Investments – Act 217, PA 1982, authorized the Township to deposit and invest in the following:

- a. Bonds, bills, and other direct obligations of the United States or its agencies.
- b. Certificates of deposit and other savings instruments issued by a federally insured bank, savings and loan or credit union maintaining an office in Michigan.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Mutual Funds comprised of investments which are legal for direct investment by local units of government in Michigan.
- e. U.S. Government or federal agency obligation repurchase agreements.

The Township Board is authorized to designate depositories for Township funds, and the funds are invested in accordance with State of Michigan statutory authority. There were no investments at March 31, 2005.

NOTE 4 - RISK MANAGEMENT

The Township purchases insurance in the Michigan Township Participating Plan for its liability, property and automobile coverage.

Worker compensation is purchased through the Accident Fund Insurance Company of America.

The Michigan Township Participating Plan is an authorized Michigan Self-Insurance Association and Greenwood Township is accepted as a member in this plan organized under Public Act 138 of 1982. A substantial number of Michigan townships participate in this coverage.

GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 5 – CAPITAL ASSETS

Capital asset activity of the Township's governmental activities was as follows:

	Balance March 31, 2004	Additions	Disposals	March 31, 2005
Capital assets not being depreciated:				
Land	\$ 12,500	\$ -	\$ -	\$ 12,500
Capital assets being depreciated:				
Building and building improvements	765,275	2,542	-	767,817
Equipment and vehicles	491,294	60,772	-	552,066
Subtotal	1,256,569	63,314	-	1,319,883
Accumulated depreciation	319,307	40,954	-	360,261
Net capital assets being depreciated	937,262	22,360	-	959,622
Net governmental capital assets	\$ 949,762	\$ 22,360	\$ -	\$ 972,122

Depreciation expense was charged to activities of the Township as follows:

Governmental activities:	
General Fund	\$ 8,304
Fire Fund	<u>32,650</u>
Total	<u>\$ 40,954</u>

NOTE 6 - LONG-TERM DEBT

Following is a summary of pertinent information concerning the Township's long-term debt:

Outstanding Debt Descriptions:

General Obligation Bonds, Series 2000-A	\$ 295,000
General Obligation Bonds, Series 2000-B	150,000
Capital Improvement Bonds Series 2004	90,000
Installment debt	<u>126,047</u>
Total	<u>\$ 661,047</u>

Changes in Long-Term Debt

April 1, 2004	\$ 633,243
New debt	90,000
Principal paid	<u>(62,196)</u>
March 31, 2005	<u>\$ 661,047</u>

GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

General Obligation Bonds, Series 2000-A

Description: This debt was incurred to defray the cost of erecting, improving and furnishing a fire station.

SECURITY - There shall be levied upon all taxable property in the Township a tax such that the estimated collections shall be sufficient to pay principal and interest as due.

PRIOR REDEMPTION - The bonds shall not be subject to redemption prior to maturity.

DEBT SCHEDULE

<u>Year</u>	<u>Principal Due May 1</u>	<u>Interest Rate</u>	<u>Interest May 1</u>	<u>Interest November 1</u>
2005	40,000	4.75%	7,256	6,306
2006	45,000	4.85%	6,306	5,215
2007	45,000	4.90%	5,215	4,113
2008	50,000	4.95%	4,113	2,875
2009	55,000	5.00%	2,875	1,500
2010	60,000	5.00%	1,500	-0-
	<u>\$ 295,000</u>		<u>\$ 27,265</u>	<u>\$ 20,009</u>
			<u>\$ 47,274</u>	

General Obligation Bonds, Series 2000-B

Description: This debt was incurred to defray the cost of erecting, improving and furnishing a township hall and improving the site for the township hall.

SECURITY - There shall be levied upon all taxable property in the Township a tax such that the estimated collections shall be sufficient to pay principal and interest as due.

PRIOR REDEMPTION - The bonds shall not be subject to redemption prior to maturity.

DEBT SCHEDULE

<u>Year</u>	<u>Principal Due May 1</u>	<u>Interest Rate</u>	<u>Interest May 1</u>	<u>Interest November 1</u>
2005	20,000	4.75%	3,715	3,240
2006	20,000	4.80%	3,240	2,760
2007	25,000	4.90%	2,760	2,148
2008	25,000	5.00%	2,148	1,522
2009	30,000	5.05%	1,522	765
2010	30,000	5.10%	765	-0-
	<u>\$ 150,000</u>		<u>\$ 14,150</u>	<u>\$ 10,435</u>
			<u>\$ 24,585</u>	

GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 6 - LONG-TERM DEBT (CONTINUED)

SPECIAL ASSESSMENT

Capital Improvement Bonds Series 2004 for \$90,000 at 3.76% interest. Issued June 17, 2004 for South Tee Lake road improvements. Special assessment collections from taxpayers will cover the debt amortization, however full faith and Credit of the Township has been pledged.

DEBT SCHEDULE

<u>Year</u>	<u>Principal Due May 1</u>	<u>Interest May 1</u>	<u>Interest November 1</u>
2005	-0-	2,952	1,692
2006	10,000	1,692	1,692
2007	10,000	1,504	1,504
2008	10,000	1,316	1,316
2009	10,000	1,128	1,128
2010-2014	<u>50,000</u>	<u>2,820</u>	<u>2,820</u>
	<u>\$ 90,000</u>	<u>\$ 11,412</u>	<u>\$ 10,152</u>
		<u>\$ 21,564</u>	

LEASE PURCHASE/INSTALLMENT DEBT

Description: This debt was incurred to finance the purchase of a fire truck.

SECURITY - Title to the vehicle will vest with the purchaser(Township) subject to a security interest of Oshkosh Capital, the financing entity.

INTEREST RATE - 5.67%

EARLY PAY-OFF - The Township has the option of prepaying the debt. The prepayment penalty is 2% of the outstanding principal balance.

DEBT SCHEDULE

<u>Year</u>	<u>Principal Due May 1</u>	<u>Interest Rate</u>	<u>Interest May 1</u>
2005	12,887	5.67%	7,147
2006	13,618	5.67%	6,416
2007	14,390	5.67%	5,644
2008	15,206	5.67%	4,828
2009	16,068	5.67%	3,966
2010	16,979	5.67%	3,055
2011	17,941	5.67%	2,093
2012	<u>18,958</u>	<u>5.67%</u>	<u>1,076</u>
	<u>\$ 126,047</u>		<u>\$ 34,225</u>

GREENWOOD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 6 - GENERAL LONG-TERM DEBT (CONTINUED)

Annual Debt Service Requirements:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Other</u>	<u>Total</u>
Principal	\$ 72,887	\$ 88,618	\$ 94,390	\$ 100,206	\$111,068	\$ 193,878	\$ 661,047
Interest	<u>32,308</u>	<u>27,331</u>	<u>22,888</u>	<u>18,118</u>	<u>12,884</u>	<u>14,129</u>	<u>127,648</u>
Totals	<u>\$ 105,195</u>	<u>\$ 115,939</u>	<u>\$ 117,278</u>	<u>\$ 118,324</u>	<u>\$123,952</u>	<u>\$ 208,007</u>	<u>\$ 788,695</u>

REQUIRED SUPPLEMENTARY INFORMATION

GREENWOOD TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, OTHER SOURCES (USES)
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 77,500	\$ 77,500	\$ 77,534	\$ 34
State Sources	71,715	71,715	82,770	11,055
Charges for Services	12,500	12,500	17,801	5,301
Interest Income	2,000	2,000	3,107	1,107
Administration Fee	20,000	20,000	26,605	6,605
Other	-	-	9,995	9,995
TOTAL REVENUES	183,715	183,715	217,812	34,097
EXPENDITURES				
General Government:				
Township Board	51,251	51,251	38,003	13,248
Supervisor	15,000	15,000	11,953	3,047
Election	8,200	8,200	5,227	2,973
Assessor	25,000	25,000	22,464	2,536
Attorney	-	1,000	449	551
Clerk	22,200	22,200	14,770	7,430
Board of Review	1,500	1,500	1,044	456
Treasurer	30,802	30,802	29,602	1,200
Township Hall	14,150	12,650	10,058	2,592
Capital Outlay	2,147	2,147	2,147	-
Total General Government	170,250	169,750	135,717	34,033
Public Safety:				
Planning and Zoning	19,000	19,000	14,301	4,699
Total Public Safety	19,000	19,000	14,301	4,699
Public Works				
Road	15,000	15,000	994	14,006
Metro	6,715	3,940	3,940	-
Transfer Site	23,350	23,350	19,139	4,211
Total Public Works	45,065	42,290	24,073	18,217
TOTAL EXPENDITURES	234,315	231,040	174,091	56,949
REVENUES OVER (UNDER) EXPENDITURES	(50,600)	(47,325)	43,721	91,046
FUND BALANCES, BEGINNING OF YEAR	205,208	205,208	205,208	-
FUND BALANCES, END OF YEAR	\$ 154,608	\$ 157,883	\$ 248,929	\$ 91,046

GREENWOOD TOWNSHIP
FIRE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 60,100	\$ 60,100	\$ 63,387	\$ 3,287
Intergovernmental Revenue				
Federal	-	-	52,820	52,820
State	-	-	-	-
Other Local Units	-	-	4,000	4,000
Interest	1,000	1,000	1,472	472
Other Revenue	-	-	729	729
TOTAL REVENUES	61,100	61,100	122,408	61,308
EXPENDITURES				
Public Safety	72,750	72,750	52,315	20,435
Debt Retirement				
Principal	12,196	12,196	12,196	-
Interest	7,838	7,838	7,838	-
Capital Outlay	5,000	5,000	53,001	(48,001)
TOTAL EXPENDITURES	97,784	97,784	125,350	(27,566)
REVENUES OVER (UNDER) EXPENDITURES	(36,684)	(36,684)	(2,942)	33,742
FUND BALANCES, BEGINNING OF YEAR	77,571	77,571	77,571	-
FUND BALANCES, END OF YEAR	\$ 40,887	\$ 40,887	\$ 74,629	\$ 33,742

OTHER SUPPLEMENTARY INFORMATION

GREENWOOD TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2005

	DEBT RETIREMENT TOWN HALL DEBT	CAPITAL PROJECT FIRE HALL CAPITAL PROJECT	TOTAL
ASSETS			
Cash	\$ 29,223	\$ -	\$ 29,223
Investments	-	-	-
Receivables:			
Taxes	2,081	-	2,081
Accounts	-	-	-
Inventory	-	-	-
Due From Other Funds	-	-	-
Due From Other Governmental Units	-	-	-
TOTAL ASSETS	31,304	-	31,304
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-
Due to Other Funds	-	-	-
Due to Other Governmental Units	-	-	-
Advances From Other Governmental Units	-	-	-
Deferred Revenue	-	-	-
TOTAL LIABILITIES	-	-	-
FUND BALANCE			
Reserved	31,304	-	31,304
Unreserved	-	-	-
TOTAL FUND BALANCES	31,304	-	31,304
TOTAL LIABILITIES AND FUND BALANCES	\$ 31,304	\$ -	\$ 31,304

See Notes to Financial Statements

GREENWOOD TOWNSHIP
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED MARCH 31, 2005

	DEBT RETIREMENT	CAPITAL PROJECT	
	TOWN HALL DEBT	FIRE HALL CAPITAL PROJECT	TOTAL
REVENUES			
Taxes	\$ 24,580	\$ -	\$ 24,580
State Sources			
Federal Sources			
Charges for Services	-	-	-
Interest	47	17	64
State Sources	-	-	-
Other	-	-	-
TOTAL REVENUES	24,627	17	24,644
EXPENDITURES			
Capital Outlay	-	8,166	8,166
Debt Service			
Principal	15,000	-	15,000
Interest	8,058	-	8,058
TOTAL EXPENDITURES	23,058	8,166	31,224
REVENUES OVER (UNDER) EXPENDITURES	1,569	(8,149)	(6,580)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,569	(8,149)	(6,580)
FUND BALANCES, BEGINNING OF YEAR	29,735	8,149	37,884
FUND BALANCES, END OF YEAR	\$ 31,304	\$ -	\$ 31,304

See Notes to Financial Statements



Thomas R. Zick CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

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LEWISTON, MICHIGAN 49756
TELEPHONE: (989) 786-4032
FAX: (989) 786-7219

FINANCIAL AUDIT COMMENTS

August 15, 2005

Township Board
Greenwood Township
Lewiston, Michigan 49756

In planning and performing my audit of the general purpose financial statements of Greenwood Township, Oscoda County for the year ended March 31, 2005, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. However, I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect Greenwood Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement.

REPORTABLE CONDITIONS

CAPITAL ASSETS

A detail listing of capital assets has been prepared. It is now necessary to input the list into your general ledger system so that depreciation can be computed and updated annually. I can assist you in that process.

INTERNAL CONTROL STRUCTURE

Because of its size, the Township has a limited internal control structure. The Clerk and the Treasurer receive the income, pay the bills and post all journals and ledgers. It is impractical and cost prohibitive to make the system any more elaborate, however, this letter informs the reader that such a system is not in place.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Page 2
August 15, 2005
Township Board
Greenwood Township

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the matters described above are material weaknesses.

This report is intended solely for the information and use of the Greenwood Township Oscoda County, Michigan, management, and others on the board, and the Michigan Department of Treasury. This report is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Thomas R. Zick, CPA P.C.", written in a cursive style.

Thomas R. Zick CPA, P.C.
Certified Public Accountant